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UNCLAS LAGOS 000629

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SUBJECT: NIGERIA: HANDLING OF COUNTERFEIT U.S. CURRENCY

1. (U) Summary: An informal survey of Lagos commercial banks and currency exchangers suggests that procedures for handling counterfeit U.S. currency vary widely. Official guidelines do not exist, and counterfeit notes are rarely reported to Central Bank or law enforcement officials. End summary.

2. (U) While some bank representatives claim they rarely, if ever, receive counterfeit U.S. currency, most of those surveyed say they occasionally see counterfeit notes. In the absence of uniform handling procedures, most banks simply perforate and return counterfeit currency to customers. Since only one in a handful of dollar notes may be counterfeit, bank tellers typically make little fuss, particularly if the customer is well known. Other bank representatives say they detain and question customers presenting counterfeit currency, and some invite Nigerian law enforcement officials to investigate if customers are uncooperative or unable to provide satisfactory explanations.

3. (U) Currency exchangers say they typically return counterfeit currency to customers. In the past, they perforated counterfeit notes before handing them back, but since most customers claimed they could easily return them to their source, this practice gradually stopped. Groups of currency exchangers operating in the informal market have apparently created +ACI-security checks+ACI- by marking genuine notes in ways unique to each particular group. Unmarked notes are treated with suspicion until they are tested, verified, and marked accordingly. Customers aware of this practice allay their fears of receiving counterfeit currency by requesting marked notes.

4. (U) None of the commercial bank representatives or currency exchangers surveyed had any idea how many counterfeit notes might be in circulation. The practice of returning counterfeit currency, they say, makes record keeping difficult.

5. (U) Post has distributed recommended guidelines for the handling of counterfeit U.S. currency to Central Bank officials and commercial bank representatives. Additional recommendations may be addressed to Joseph Sanusi, Governor, Central Bank of Nigeria, Central Business District, Abuja, Federal Capital Territory. Mr. Sanusi may be reached at +234-9-616-39425/39428 (phone) or +234-9-616-39904 (fax).

6. (U) Post has also created a distribution list to facilitate information exchange with USSS Pretoria. Lagos and Abuja economic and regional security officers can be reached at List Abuja/Lagos Counterfeit.

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